

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 959

FINAL READING

Introduced by Sullivan, 41; at the request of the Governor.

Read first time January 14, 2016

Committee: Education

1 A BILL FOR AN ACT relating to education; to amend sections 79-1005.01,
2 79-1007.18, 79-1008.01, 79-1008.02, 79-1075, 79-10,110, and
3 79-10,110.01, Reissue Revised Statutes of Nebraska, and sections
4 77-3442, 79-1003, and 79-1017.01, Revised Statutes Supplement, 2015;
5 to change provisions relating to minimum levy adjustments and
6 averaging adjustments under the Tax Equity and Educational
7 Opportunities Support Act; to change provisions relating to and
8 provide for school district levy and bonding authority for certain
9 projects as prescribed; to eliminate obsolete provisions; to
10 harmonize provisions; to repeal the original sections; and to
11 declare an emergency.
12 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-3442, Revised Statutes Supplement, 2015, is
2 amended to read:

3 77-3442 (1) Property tax levies for the support of local governments
4 for fiscal years beginning on or after July 1, 1998, shall be limited to
5 the amounts set forth in this section except as provided in section
6 77-3444.

7 (2)(a) Except as provided in subdivision (2)(e) of this section,
8 school districts and multiple-district school systems, except learning
9 communities and school districts that are members of learning
10 communities, may levy a maximum levy of one dollar and five cents per one
11 hundred dollars of taxable valuation of property subject to the levy.

12 (b) For each fiscal year, learning communities may levy a maximum
13 levy for the general fund budgets of member school districts of ninety-
14 five cents per one hundred dollars of taxable valuation of property
15 subject to the levy. The proceeds from the levy pursuant to this
16 subdivision shall be distributed pursuant to section 79-1073.

17 (c) Except as provided in subdivision (2)(e) of this section, for
18 each fiscal year, school districts that are members of learning
19 communities may levy for purposes of such districts' general fund budget
20 and special building funds a maximum combined levy of the difference of
21 one dollar and five cents on each one hundred dollars of taxable property
22 subject to the levy minus the learning community levies pursuant to
23 subdivisions (2)(b) and (2)(g) of this section for such learning
24 community.

25 (d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)
26 of this section are amounts levied to pay for sums agreed to be paid by a
27 school district to certificated employees in exchange for a voluntary
28 termination of employment, amounts levied in compliance with section
29 79-10,110 and section 11 of this act, and amounts levied to pay for
30 special building funds and sinking funds established for projects
31 commenced prior to April 1, 1996, for construction, expansion, or

1 alteration of school district buildings. For purposes of this subsection,
2 commenced means any action taken by the school board on the record which
3 commits the board to expend district funds in planning, constructing, or
4 carrying out the project.

5 (e) Federal aid school districts may exceed the maximum levy
6 prescribed by subdivision (2)(a) or (2)(c) of this section only to the
7 extent necessary to qualify to receive federal aid pursuant to Title VIII
8 of Public Law 103-382, as such title existed on September 1, 2001. For
9 purposes of this subdivision, federal aid school district means any
10 school district which receives ten percent or more of the revenue for its
11 general fund budget from federal government sources pursuant to Title
12 VIII of Public Law 103-382, as such title existed on September 1, 2001.

13 (f) For school fiscal year 2002-03 through school fiscal year
14 2007-08, school districts and multiple-district school systems may, upon
15 a three-fourths majority vote of the school board of the school district,
16 the board of the unified system, or the school board of the high school
17 district of the multiple-district school system that is not a unified
18 system, exceed the maximum levy prescribed by subdivision (2)(a) of this
19 section in an amount equal to the net difference between the amount of
20 state aid that would have been provided under the Tax Equity and
21 Educational Opportunities Support Act without the temporary aid
22 adjustment factor as defined in section 79-1003 for the ensuing school
23 fiscal year for the school district or multiple-district school system
24 and the amount provided with the temporary aid adjustment factor. The
25 State Department of Education shall certify to the school districts and
26 multiple-district school systems the amount by which the maximum levy may
27 be exceeded for the next school fiscal year pursuant to this subdivision
28 (f) of this subsection on or before February 15 for school fiscal years
29 2004-05 through 2007-08.

30 (g) For each fiscal year, learning communities may levy a maximum
31 levy of two cents on each one hundred dollars of taxable property subject

1 to the levy for special building funds for member school districts. The
2 proceeds from the levy pursuant to this subdivision shall be distributed
3 pursuant to section 79-1073.01.

4 (h) For each fiscal year, learning communities may levy a maximum
5 levy of one-half cent on each one hundred dollars of taxable property
6 subject to the levy for elementary learning center facility leases, for
7 remodeling of leased elementary learning center facilities, and for up to
8 fifty percent of the estimated cost for focus school or program capital
9 projects approved by the learning community coordinating council pursuant
10 to section 79-2111.

11 (i) For each fiscal year, learning communities may levy a maximum
12 levy of one and one-half cents on each one hundred dollars of taxable
13 property subject to the levy for early childhood education programs for
14 children in poverty, for elementary learning center employees, for
15 contracts with other entities or individuals who are not employees of the
16 learning community for elementary learning center programs and services,
17 and for pilot projects, except that no more than ten percent of such levy
18 may be used for elementary learning center employees.

19 ~~(3)(a) For fiscal years 2011-12 and 2012-13, community college areas~~
20 ~~may levy a maximum of ten and one quarter cents per one hundred dollars~~
21 ~~of taxable valuation of property subject to the levy for operating~~
22 ~~expenditures and may also levy the additional levies provided in~~
23 ~~subdivisions (1)(b) and (c) of section 85-1517.~~

24 ~~(3 b) For fiscal year 2013-14 and each fiscal year thereafter,~~
25 ~~community college areas may levy the levies provided in subdivisions (2)~~
26 ~~(a) through (c) of section 85-1517, in accordance with the provisions of~~
27 ~~such subdivisions. A community college area may exceed the levy provided~~
28 ~~in subdivision (2)(b) of section 85-1517 by the amount necessary to~~
29 ~~retire general obligation bonds assumed by the community college area or~~
30 ~~issued pursuant to section 85-1515 according to the terms of such bonds~~
31 ~~or for any obligation pursuant to section 85-1535 entered into prior to~~

1 January 1, 1997.

2 (4)(a) Natural resources districts may levy a maximum levy of four
3 and one-half cents per one hundred dollars of taxable valuation of
4 property subject to the levy.

5 (b) Natural resources districts shall also have the power and
6 authority to levy a tax equal to the dollar amount by which their
7 restricted funds budgeted to administer and implement ground water
8 management activities and integrated management activities under the
9 Nebraska Ground Water Management and Protection Act exceed their
10 restricted funds budgeted to administer and implement ground water
11 management activities and integrated management activities for FY2003-04,
12 not to exceed one cent on each one hundred dollars of taxable valuation
13 annually on all of the taxable property within the district.

14 (c) In addition, natural resources districts located in a river
15 basin, subbasin, or reach that has been determined to be fully
16 appropriated pursuant to section 46-714 or designated as overappropriated
17 pursuant to section 46-713 by the Department of Natural Resources shall
18 also have the power and authority to levy a tax equal to the dollar
19 amount by which their restricted funds budgeted to administer and
20 implement ground water management activities and integrated management
21 activities under the Nebraska Ground Water Management and Protection Act
22 exceed their restricted funds budgeted to administer and implement ground
23 water management activities and integrated management activities for
24 FY2005-06, not to exceed three cents on each one hundred dollars of
25 taxable valuation on all of the taxable property within the district for
26 fiscal year 2006-07 and each fiscal year thereafter through fiscal year
27 2017-18.

28 (5) Any educational service unit authorized to levy a property tax
29 pursuant to section 79-1225 may levy a maximum levy of one and one-half
30 cents per one hundred dollars of taxable valuation of property subject to
31 the levy.

1 (6)(a) Incorporated cities and villages which are not within the
2 boundaries of a municipal county may levy a maximum levy of forty-five
3 cents per one hundred dollars of taxable valuation of property subject to
4 the levy plus an additional five cents per one hundred dollars of taxable
5 valuation to provide financing for the municipality's share of revenue
6 required under an agreement or agreements executed pursuant to the
7 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum
8 levy shall include amounts levied to pay for sums to support a library
9 pursuant to section 51-201, museum pursuant to section 51-501, visiting
10 community nurse, home health nurse, or home health agency pursuant to
11 section 71-1637, or statue, memorial, or monument pursuant to section
12 80-202.

13 (b) Incorporated cities and villages which are within the boundaries
14 of a municipal county may levy a maximum levy of ninety cents per one
15 hundred dollars of taxable valuation of property subject to the levy. The
16 maximum levy shall include amounts paid to a municipal county for county
17 services, amounts levied to pay for sums to support a library pursuant to
18 section 51-201, a museum pursuant to section 51-501, a visiting community
19 nurse, home health nurse, or home health agency pursuant to section
20 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

21 (7) Sanitary and improvement districts which have been in existence
22 for more than five years may levy a maximum levy of forty cents per one
23 hundred dollars of taxable valuation of property subject to the levy, and
24 sanitary and improvement districts which have been in existence for five
25 years or less shall not have a maximum levy. Unconsolidated sanitary and
26 improvement districts which have been in existence for more than five
27 years and are located in a municipal county may levy a maximum of eighty-
28 five cents per hundred dollars of taxable valuation of property subject
29 to the levy.

30 (8) Counties may levy or authorize a maximum levy of fifty cents per
31 one hundred dollars of taxable valuation of property subject to the levy,

1 except that five cents per one hundred dollars of taxable valuation of
2 property subject to the levy may only be levied to provide financing for
3 the county's share of revenue required under an agreement or agreements
4 executed pursuant to the Interlocal Cooperation Act or the Joint Public
5 Agency Act. The maximum levy shall include amounts levied to pay for sums
6 to support a library pursuant to section 51-201 or museum pursuant to
7 section 51-501. The county may allocate up to fifteen cents of its
8 authority to other political subdivisions subject to allocation of
9 property tax authority under subsection (1) of section 77-3443 and not
10 specifically covered in this section to levy taxes as authorized by law
11 which do not collectively exceed fifteen cents per one hundred dollars of
12 taxable valuation on any parcel or item of taxable property. The county
13 may allocate to one or more other political subdivisions subject to
14 allocation of property tax authority by the county under subsection (1)
15 of section 77-3443 some or all of the county's five cents per one hundred
16 dollars of valuation authorized for support of an agreement or agreements
17 to be levied by the political subdivision for the purpose of supporting
18 that political subdivision's share of revenue required under an agreement
19 or agreements executed pursuant to the Interlocal Cooperation Act or the
20 Joint Public Agency Act. If an allocation by a county would cause another
21 county to exceed its levy authority under this section, the second county
22 may exceed the levy authority in order to levy the amount allocated.

23 (9) Municipal counties may levy or authorize a maximum levy of one
24 dollar per one hundred dollars of taxable valuation of property subject
25 to the levy. The municipal county may allocate levy authority to any
26 political subdivision or entity subject to allocation under section
27 77-3443.

28 (10) Beginning July 1, 2016, rural ~~Rural~~ and suburban fire
29 protection districts may levy a maximum levy of ten and one-half cents
30 per one hundred dollars of taxable valuation of property subject to the
31 levy if (a) such district is located in a county that had a levy pursuant

1 to subsection (8) of this section in the previous year of at least forty
2 cents per one hundred dollars of taxable valuation of property subject to
3 the levy or (b) for any rural or suburban fire protection district that
4 had a levy request pursuant to section 77-3443 in the previous year, the
5 county board of the county in which the greatest portion of the valuation
6 of such district is located did not authorize any levy authority to such
7 district in the previous year.

8 (11) Property tax levies (a) for judgments, except judgments or
9 orders from the Commission of Industrial Relations, obtained against a
10 political subdivision which require or obligate a political subdivision
11 to pay such judgment, to the extent such judgment is not paid by
12 liability insurance coverage of a political subdivision, (b) for
13 preexisting lease-purchase contracts approved prior to July 1, 1998, (c)
14 for bonds as defined in section 10-134 approved according to law and
15 secured by a levy on property except as provided in section 44-4317 for
16 bonded indebtedness issued by educational service units and school
17 districts, and (d) for payments by a public airport to retire interest-
18 free loans from the Department of Aeronautics in lieu of bonded
19 indebtedness at a lower cost to the public airport are not included in
20 the levy limits established by this section.

21 (12) The limitations on tax levies provided in this section are to
22 include all other general or special levies provided by law.
23 Notwithstanding other provisions of law, the only exceptions to the
24 limits in this section are those provided by or authorized by sections
25 77-3442 to 77-3444.

26 (13) Tax levies in excess of the limitations in this section shall
27 be considered unauthorized levies under section 77-1606 unless approved
28 under section 77-3444.

29 (14) For purposes of sections 77-3442 to 77-3444, political
30 subdivision means a political subdivision of this state and a county
31 agricultural society.

1 (15) For school districts that file a binding resolution on or
2 before May 9, 2008, with the county assessors, county clerks, and county
3 treasurers for all counties in which the school district has territory
4 pursuant to subsection (7) of section 79-458, if the combined levies,
5 except levies for bonded indebtedness approved by the voters of the
6 school district and levies for the refinancing of such bonded
7 indebtedness, are in excess of the greater of (a) one dollar and twenty
8 cents per one hundred dollars of taxable valuation of property subject to
9 the levy or (b) the maximum levy authorized by a vote pursuant to section
10 77-3444, all school district levies, except levies for bonded
11 indebtedness approved by the voters of the school district and levies for
12 the refinancing of such bonded indebtedness, shall be considered
13 unauthorized levies under section 77-1606.

14 Sec. 2. Section 79-1003, Revised Statutes Supplement, 2015, is
15 amended to read:

16 79-1003 For purposes of the Tax Equity and Educational Opportunities
17 Support Act:

18 (1) Adjusted general fund operating expenditures means (a) for
19 school fiscal years 2013-14 through 2015-16, the difference of the
20 general fund operating expenditures as calculated pursuant to subdivision
21 (23) of this section increased by the cost growth factor calculated
22 pursuant to section 79-1007.10, minus the transportation allowance,
23 special receipts allowance, poverty allowance, limited English
24 proficiency allowance, distance education and telecommunications
25 allowance, elementary site allowance, summer school allowance,
26 instructional time allowance, teacher education allowance, and focus
27 school and program allowance, and (b) for school fiscal year 2016-17 and
28 each school fiscal year thereafter, the difference of the general fund
29 operating expenditures as calculated pursuant to subdivision (23) of this
30 section increased by the cost growth factor calculated pursuant to
31 section 79-1007.10, minus the transportation allowance, special receipts

1 allowance, poverty allowance, limited English proficiency allowance,
2 distance education and telecommunications allowance, elementary site
3 allowance, summer school allowance, best practices allowance, and focus
4 school and program allowance;

5 (2) Adjusted valuation means the assessed valuation of taxable
6 property of each local system in the state, adjusted pursuant to the
7 adjustment factors described in section 79-1016. Adjusted valuation means
8 the adjusted valuation for the property tax year ending during the school
9 fiscal year immediately preceding the school fiscal year in which the aid
10 based upon that value is to be paid. For purposes of determining the
11 local effort rate yield pursuant to section 79-1015.01, adjusted
12 valuation does not include the value of any property which a court, by a
13 final judgment from which no appeal is taken, has declared to be
14 nontaxable or exempt from taxation;

15 (3) Allocated income tax funds means the amount of assistance paid
16 to a local system pursuant to section 79-1005.01 as adjusted, for school
17 fiscal years prior to school fiscal year 2017-18, by the minimum levy
18 adjustment pursuant to section 79-1008.02;

19 (4) Average daily membership means the average daily membership for
20 grades kindergarten through twelve attributable to the local system, as
21 provided in each district's annual statistical summary, and includes the
22 proportionate share of students enrolled in a public school instructional
23 program on less than a full-time basis;

24 (5) Base fiscal year means the first school fiscal year following
25 the school fiscal year in which the reorganization or unification
26 occurred;

27 (6) Board means the school board of each school district;

28 (7) Categorical funds means funds limited to a specific purpose by
29 federal or state law, including, but not limited to, Title I funds, Title
30 VI funds, federal vocational education funds, federal school lunch funds,
31 Indian education funds, Head Start funds, and funds from the Education

1 Innovation Fund. Categorical funds does not include funds received
2 pursuant to section 79-1028.02 or 79-1028.04;

3 (8) Consolidate means to voluntarily reduce the number of school
4 districts providing education to a grade group and does not include
5 dissolution pursuant to section 79-498;

6 (9) Converted contract means an expired contract that was in effect
7 for at least fifteen school years beginning prior to school year 2012-13
8 for the education of students in a nonresident district in exchange for
9 tuition from the resident district when the expiration of such contract
10 results in the nonresident district educating students, who would have
11 been covered by the contract if the contract were still in effect, as
12 option students pursuant to the enrollment option program established in
13 section 79-234;

14 (10) Converted contract option student means a student who will be
15 an option student pursuant to the enrollment option program established
16 in section 79-234 for the school fiscal year for which aid is being
17 calculated and who would have been covered by a converted contract if the
18 contract were still in effect and such school fiscal year is the first
19 school fiscal year for which such contract is not in effect;

20 (11) Department means the State Department of Education;

21 (12) District means any Class I, II, III, IV, V, or VI school
22 district and, beginning with the calculation of state aid for school
23 fiscal year 2011-12 and each school fiscal year thereafter, a unified
24 system as defined in section 79-4,108;

25 (13) Ensuing school fiscal year means the school fiscal year
26 following the current school fiscal year;

27 (14) Equalization aid means the amount of assistance calculated to
28 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
29 79-1007.25, 79-1008.01 to 79-1022, 79-1022.02, 79-1028.02, and
30 79-1028.04;

31 (15) Fall membership means the total membership in kindergarten

1 through grade twelve attributable to the local system as reported on the
2 fall school district membership reports for each district pursuant to
3 section 79-528;

4 (16) Fiscal year means the state fiscal year which is the period
5 from July 1 to the following June 30;

6 (17) Formula students means:

7 (a) For state aid certified pursuant to section 79-1022, the sum of
8 the product of fall membership from the school fiscal year immediately
9 preceding the school fiscal year in which the aid is to be paid
10 multiplied by the average ratio of average daily membership to fall
11 membership for the second school fiscal year immediately preceding the
12 school fiscal year in which the aid is to be paid and the prior two
13 school fiscal years plus sixty percent of the qualified early childhood
14 education fall membership plus tuitioned students from the school fiscal
15 year immediately preceding the school fiscal year in which aid is to be
16 paid minus the product of the number of students enrolled in kindergarten
17 that is not full-day kindergarten from the fall membership multiplied by
18 0.5; and

19 (b) For the final calculation of state aid pursuant to section
20 79-1065, the sum of average daily membership plus sixty percent of the
21 qualified early childhood education average daily membership plus
22 tuitioned students minus the product of the number of students enrolled
23 in kindergarten that is not full-day kindergarten from the average daily
24 membership multiplied by 0.5 from the school fiscal year immediately
25 preceding the school fiscal year in which aid was paid;

26 (18) Free lunch and free milk calculated student means, for school
27 fiscal year 2016-17 and each school fiscal year thereafter, using the
28 most recent data available on November 1 of the school fiscal year
29 immediately preceding the school fiscal year in which aid is to be paid,

30 (a) a student who qualified for free lunches or free milk and attended a
31 school that uses information collected from parents and guardians

1 pursuant to section 79-10,143 to determine such qualifications pursuant
2 to the federal Richard B. Russell National School Lunch Act, 42 U.S.C.
3 1751 et seq., and the federal Child Nutrition Act of 1966, 42 U.S.C. 1771
4 et seq., as such acts and sections existed on January 1, 2015, and rules
5 and regulations adopted thereunder, plus (b) the product of the students
6 who attend a school that provides free meals to all students pursuant to
7 the community eligibility provision multiplied by the identified student
8 percentage calculated pursuant to such federal provision;

9 (19) Free lunch and free milk student means, for school fiscal years
10 prior to school fiscal year 2016-17, a student who qualified for free
11 lunches or free milk from the most recent data available on November 1 of
12 the school fiscal year immediately preceding the school fiscal year in
13 which aid is to be paid;

14 (20) Full-day kindergarten means kindergarten offered by a district
15 for at least one thousand thirty-two instructional hours;

16 (21) General fund budget of expenditures means the total budget of
17 disbursements and transfers for general fund purposes as certified in the
18 budget statement adopted pursuant to the Nebraska Budget Act, except that
19 for purposes of the limitation imposed in section 79-1023 and the
20 calculation pursuant to subdivision (2) of section 79-1027.01, the
21 general fund budget of expenditures does not include any special grant
22 funds, exclusive of local matching funds, received by a district;

23 (22) General fund expenditures means all expenditures from the
24 general fund;

25 (23) General fund operating expenditures means for state aid
26 calculated for school fiscal years 2012-13 and each school fiscal year
27 thereafter, as reported on the annual financial report for the second
28 school fiscal year immediately preceding the school fiscal year in which
29 aid is to be paid, the total general fund expenditures minus (a) the
30 amount of all receipts to the general fund, to the extent that such
31 receipts are not included in local system formula resources, from early

1 childhood education tuition, summer school tuition, educational entities
2 as defined in section 79-1201.01 for providing distance education courses
3 through the Educational Service Unit Coordinating Council to such
4 educational entities, private foundations, individuals, associations,
5 charitable organizations, the textbook loan program authorized by section
6 79-734, federal impact aid, and levy override elections pursuant to
7 section 77-3444, (b) the amount of expenditures for categorical funds,
8 tuition paid, transportation fees paid to other districts, adult
9 education, community services, redemption of the principal portion of
10 general fund debt service, retirement incentive plans authorized by
11 section 79-855, and staff development assistance authorized by section
12 79-856, (c) the amount of any transfers from the general fund to any bond
13 fund and transfers from other funds into the general fund, (d) any legal
14 expenses in excess of fifteen-hundredths of one percent of the formula
15 need for the school fiscal year in which the expenses occurred, (e)
16 expenditures to pay for sums agreed to be paid by a school district to
17 certificated employees in exchange for a voluntary termination occurring
18 prior to July 1, 2009, occurring on or after the last day of the 2010-11
19 school year and prior to the first day of the 2013-14 school year, or, to
20 the extent that a district has demonstrated to the State Board of
21 Education pursuant to section 79-1028.01 that the agreement will result
22 in a net savings in salary and benefit costs to the school district over
23 a five-year period, occurring on or after the first day of the 2013-14
24 school year, (f)(i) expenditures to pay for employer contributions
25 pursuant to subsection (2) of section 79-958 to the School Employees
26 Retirement System of the State of Nebraska to the extent that such
27 expenditures exceed the employer contributions under such subsection that
28 would have been made at a contribution rate of seven and thirty-five
29 hundredths percent or (ii) expenditures to pay for school district
30 contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to
31 the retirement system established pursuant to the Class V School

1 Employees Retirement Act to the extent that such expenditures exceed the
2 school district contributions under such subdivision that would have been
3 made at a contribution rate of seven and thirty-seven hundredths percent,
4 and (g) any amounts paid by the district for lobbyist fees and expenses
5 reported to the Clerk of the Legislature pursuant to section 49-1483.

6 For purposes of this subdivision (23) of this section, receipts from
7 levy override elections shall equal ninety-nine percent of the difference
8 of the total general fund levy minus a levy of one dollar and five cents
9 per one hundred dollars of taxable valuation multiplied by the assessed
10 valuation for school districts that have voted pursuant to section
11 77-3444 to override the maximum levy provided pursuant to section
12 77-3442;

13 (24) High school district means a school district providing
14 instruction in at least grades nine through twelve;

15 (25) Income tax liability means the amount of the reported income
16 tax liability for resident individuals pursuant to the Nebraska Revenue
17 Act of 1967 less all nonrefundable credits earned and refunds made;

18 (26) Income tax receipts means the amount of income tax collected
19 pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable
20 credits earned and refunds made;

21 (27) Limited English proficiency students means the number of
22 students with limited English proficiency in a district from the most
23 recent data available on November 1 of the school fiscal year preceding
24 the school fiscal year in which aid is to be paid plus the difference of
25 such students with limited English proficiency minus the average number
26 of limited English proficiency students for such district, prior to such
27 addition, for the three immediately preceding school fiscal years if such
28 difference is greater than zero;

29 (28) Local system means a learning community for purposes of
30 calculation of state aid for the second full school fiscal year after
31 becoming a learning community and each school fiscal year thereafter, a

1 unified system, a Class VI district and the associated Class I districts,
2 or a Class II, III, IV, or V district and any affiliated Class I
3 districts or portions of Class I districts. The membership, expenditures,
4 and resources of Class I districts that are affiliated with multiple high
5 school districts will be attributed to local systems based on the percent
6 of the Class I valuation that is affiliated with each high school
7 district;

8 (29) Low-income child means (a) for school fiscal years prior to
9 2016-17, a child under nineteen years of age living in a household having
10 an annual adjusted gross income for the second calendar year preceding
11 the beginning of the school fiscal year for which aid is being calculated
12 equal to or less than the maximum household income that would allow a
13 student from a family of four people to be a free lunch and free milk
14 student during the school fiscal year immediately preceding the school
15 fiscal year for which aid is being calculated and (b) for school fiscal
16 year 2016-17 and each school fiscal year thereafter, a child under
17 nineteen years of age living in a household having an annual adjusted
18 gross income for the second calendar year preceding the beginning of the
19 school fiscal year for which aid is being calculated equal to or less
20 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
21 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
22 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
23 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
24 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
25 existed on January 1, 2015, for a household of that size that would have
26 allowed the child to meet the income qualifications for free meals during
27 the school fiscal year immediately preceding the school fiscal year for
28 which aid is being calculated;

29 (30) Low-income students means the number of low-income children
30 within the district multiplied by the ratio of the formula students in
31 the district divided by the total children under nineteen years of age

1 residing in the district as derived from income tax information;

2 (31) Most recently available complete data year means the most
3 recent single school fiscal year for which the annual financial report,
4 fall school district membership report, annual statistical summary,
5 Nebraska income tax liability by school district for the calendar year in
6 which the majority of the school fiscal year falls, and adjusted
7 valuation data are available;

8 (32) Poverty students means (a) for school fiscal years prior to
9 2016-17, the number of low-income students or the number of students who
10 are free lunch and free milk students in a district plus the difference
11 of the number of low-income students or the number of students who are
12 free lunch and free milk students in a district, whichever is greater,
13 minus the average number of poverty students for such district, prior to
14 such addition, for the three immediately preceding school fiscal years if
15 such difference is greater than zero and (b) for school fiscal year
16 2016-17 and each school fiscal year thereafter, the unadjusted poverty
17 students plus the difference of such unadjusted poverty students minus
18 the average number of poverty students for such district, prior to such
19 addition, for the three immediately preceding school fiscal years if such
20 difference is greater than zero;

21 (33) Qualified early childhood education average daily membership
22 means the product of the average daily membership for school fiscal year
23 2006-07 and each school fiscal year thereafter of students who will be
24 eligible to attend kindergarten the following school year and are
25 enrolled in an early childhood education program approved by the
26 department pursuant to section 79-1103 for such school district for such
27 school year multiplied by the ratio of the actual instructional hours of
28 the program divided by one thousand thirty-two if: (a) The program is
29 receiving a grant pursuant to such section for the third year; (b) the
30 program has already received grants pursuant to such section for three
31 years; or (c) the program has been approved pursuant to subsection (5) of

1 section 79-1103 for such school year and the two preceding school years,
2 including any such students in portions of any of such programs receiving
3 an expansion grant;

4 (34) Qualified early childhood education fall membership means the
5 product of membership on the last Friday in September 2006 and each year
6 thereafter of students who will be eligible to attend kindergarten the
7 following school year and are enrolled in an early childhood education
8 program approved by the department pursuant to section 79-1103 for such
9 school district for such school year multiplied by the ratio of the
10 planned instructional hours of the program divided by one thousand
11 thirty-two if: (a) The program is receiving a grant pursuant to such
12 section for the third year; (b) the program has already received grants
13 pursuant to such section for three years; or (c) the program has been
14 approved pursuant to subsection (5) of section 79-1103 for such school
15 year and the two preceding school years, including any such students in
16 portions of any of such programs receiving an expansion grant;

17 (35) Regular route transportation means the transportation of
18 students on regularly scheduled daily routes to and from the attendance
19 center;

20 (36) Reorganized district means any district involved in a
21 consolidation and currently educating students following consolidation;

22 (37) School year or school fiscal year means the fiscal year of a
23 school district as defined in section 79-1091;

24 (38) Sparse local system means a local system that is not a very
25 sparse local system but which meets the following criteria:

26 (a)(i) Less than two students per square mile in the county in which
27 each high school is located, based on the school district census, (ii)
28 less than one formula student per square mile in the local system, and
29 (iii) more than ten miles between each high school attendance center and
30 the next closest high school attendance center on paved roads;

31 (b)(i) Less than one and one-half formula students per square mile

1 in the local system and (ii) more than fifteen miles between each high
2 school attendance center and the next closest high school attendance
3 center on paved roads;

4 (c)(i) Less than one and one-half formula students per square mile
5 in the local system and (ii) more than two hundred seventy-five square
6 miles in the local system; or

7 (d)(i) Less than two formula students per square mile in the local
8 system and (ii) the local system includes an area equal to ninety-five
9 percent or more of the square miles in the largest county in which a high
10 school attendance center is located in the local system;

11 (39) Special education means specially designed kindergarten through
12 grade twelve instruction pursuant to section 79-1125, and includes
13 special education transportation;

14 (40) Special grant funds means the budgeted receipts for grants,
15 including, but not limited to, categorical funds, reimbursements for
16 wards of the court, short-term borrowings including, but not limited to,
17 registered warrants and tax anticipation notes, interfund loans,
18 insurance settlements, and reimbursements to county government for
19 previous overpayment. The state board shall approve a listing of grants
20 that qualify as special grant funds;

21 (41) State aid means the amount of assistance paid to a district
22 pursuant to the Tax Equity and Educational Opportunities Support Act;

23 (42) State board means the State Board of Education;

24 (43) State support means all funds provided to districts by the
25 State of Nebraska for the general fund support of elementary and
26 secondary education;

27 (44) Statewide average basic funding per formula student means the
28 statewide total basic funding for all districts divided by the statewide
29 total formula students for all districts;

30 (45) Statewide average general fund operating expenditures per
31 formula student means the statewide total general fund operating

1 expenditures for all districts divided by the statewide total formula
2 students for all districts;

3 (46) Teacher has the definition found in section 79-101;

4 (47) Temporary aid adjustment factor means (a) for school fiscal
5 years before school fiscal year 2007-08, one and one-fourth percent of
6 the sum of the local system's transportation allowance, the local
7 system's special receipts allowance, and the product of the local
8 system's adjusted formula students multiplied by the average formula cost
9 per student in the local system's cost grouping and (b) for school fiscal
10 year 2007-08, one and one-fourth percent of the sum of the local system's
11 transportation allowance, special receipts allowance, and distance
12 education and telecommunications allowance and the product of the local
13 system's adjusted formula students multiplied by the average formula cost
14 per student in the local system's cost grouping;

15 (48) Tuition receipts from converted contracts means tuition
16 receipts received by a district from another district in the most
17 recently available complete data year pursuant to a converted contract
18 prior to the expiration of the contract;

19 (49) Tuitioned students means students in kindergarten through grade
20 twelve of the district whose tuition is paid by the district to some
21 other district or education agency;

22 (50) Unadjusted poverty students means, for school fiscal year
23 2016-17 and each school fiscal year thereafter, the greater of the number
24 of low-income students or the free lunch and free milk calculated
25 students in a district; and

26 (51) Very sparse local system means a local system that has:

27 (a)(i) Less than one-half student per square mile in each county in
28 which each high school attendance center is located based on the school
29 district census, (ii) less than one formula student per square mile in
30 the local system, and (iii) more than fifteen miles between the high
31 school attendance center and the next closest high school attendance

1 center on paved roads; or

2 (b)(i) More than four hundred fifty square miles in the local
3 system, (ii) less than one-half student per square mile in the local
4 system, and (iii) more than fifteen miles between each high school
5 attendance center and the next closest high school attendance center on
6 paved roads.

7 Sec. 3. Section 79-1005.01, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 79-1005.01 (1) An amount equal to the amount appropriated to the
10 School District Income Tax Fund for distribution in school fiscal year
11 1992-93 shall be disbursed as option payments as determined under section
12 79-1009 and as allocated income tax funds as determined in this section
13 and sections 79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01, except
14 as provided in section 79-1008.02 for school fiscal years prior to school
15 fiscal year 2017-18. For school fiscal years prior to school fiscal year
16 2017-18, funds ~~Funds~~ not distributed as allocated income tax funds due
17 to minimum levy adjustments shall not increase the amount available to
18 local systems for distribution as allocated income tax funds.

19 (2) Not later than November 15 of each year, the Tax Commissioner
20 shall certify to the department for the preceding tax year the income tax
21 liability of resident individuals for each local system. The 1996 income
22 tax liability of resident individuals of Class I districts that are
23 affiliated with multiple high school districts shall be divided between
24 local systems based on the percentage of the Class I district's valuation
25 affiliated with each high school district.

26 (3) Using the data certified by the Tax Commissioner pursuant to
27 subsection (2) of this section, the department shall calculate the
28 allocation percentage and each local system's allocated income tax funds.
29 The allocation percentage shall be an amount equal to the amount
30 appropriated to the School District Income Tax Fund for distribution in
31 school fiscal year 1992-93 minus the total amount paid for option

1 students pursuant to section 79-1009 and (a) for aid calculated for
2 school fiscal year 2010-11, minus twenty million dollars and (b) for aid
3 calculated for school fiscal years 2011-12 and 2012-13, minus twenty-one
4 million dollars with the difference divided by the aggregate statewide
5 income tax liability of all resident individuals certified pursuant to
6 subsection (2) of this section. Each local system's allocated income tax
7 funds shall be calculated by multiplying the allocation percentage times
8 the local system's income tax liability certified pursuant to subsection
9 (2) of this section.

10 Sec. 4. Section 79-1007.18, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 79-1007.18 (1) For school fiscal years prior to school fiscal year
13 2017-18:

14 (a) The department shall calculate an averaging adjustment for
15 districts if the basic funding per formula student is less than the
16 averaging adjustment threshold and the general fund levy for the school
17 fiscal year immediately preceding the school fiscal year for which aid is
18 being calculated was at least one dollar per one hundred dollars of
19 taxable valuation. For school districts that are members of a learning
20 community, the general fund levy for purposes of this section includes
21 both the common general fund levy and the school district general fund
22 levy authorized pursuant to subdivisions (2)(b) and (2)(c) of section
23 77-3442. The averaging adjustment shall equal the district's formula
24 students multiplied by the percentage specified in this subsection
25 ~~section~~ for such district of the difference between the averaging
26 adjustment threshold minus such district's basic funding per formula
27 student; -

28 ~~(2)(a) For school fiscal years 2012-13 and 2013-14, the averaging~~
29 ~~adjustment threshold shall equal the lesser of (i) the averaging~~
30 ~~adjustment threshold for the school fiscal year immediately preceding the~~
31 ~~school fiscal year for which aid is being calculated increased by the~~

1 ~~basic allowable growth rate or (ii) the statewide average basic funding~~
2 ~~per formula student for the school fiscal year for which aid is being~~
3 ~~calculated.~~

4 (b) ~~The For school fiscal year 2014-15 and each school fiscal year~~
5 ~~thereafter,~~ the averaging adjustment threshold shall equal the aggregate
6 basic funding for all districts with nine hundred or more formula
7 students divided by the aggregate formula students for all districts with
8 nine hundred or more formula students for the school fiscal year for
9 which aid is being calculated; and -

10 (c 3) The percentage to be used in the calculation of an averaging
11 adjustment shall be based on the general fund levy for the school fiscal
12 year immediately preceding the school fiscal year for which aid is being
13 calculated and shall be as follows: -

14 (~~4~~) ~~The percentages to be used in the calculation of averaging~~
15 ~~adjustments shall be as follows:~~

16 (i a) If such levy was at least one dollar per one hundred dollars
17 of taxable valuation but less than one dollar and one cent per one
18 hundred dollars of taxable valuation, the percentage shall be fifty
19 percent;

20 (ii b) If such levy was at least one dollar and one cent per one
21 hundred dollars of taxable valuation but less than one dollar and two
22 cents per one hundred dollars of taxable valuation, the percentage shall
23 be sixty percent;

24 (iii c) If such levy was at least one dollar and two cents per one
25 hundred dollars of taxable valuation but less than one dollar and three
26 cents per one hundred dollars of taxable valuation, the percentage shall
27 be seventy percent;

28 (iv d) If such levy was at least one dollar and three cents per one
29 hundred dollars of taxable valuation but less than one dollar and four
30 cents per one hundred dollars of taxable valuation, the percentage shall
31 be eighty percent; and

1 (v e) If such levy was at least one dollar and four cents per one
2 hundred dollars of taxable valuation, the percentage shall be ninety
3 percent.

4 (2) For school fiscal year 2017-18 and each school fiscal year
5 thereafter, the department shall calculate an averaging adjustment for
6 districts with at least nine hundred formula students if the basic
7 funding per formula student is less than the averaging adjustment
8 threshold. The averaging adjustment shall equal the district's formula
9 students multiplied by ninety percent of the difference of the averaging
10 adjustment threshold minus such district's basic funding per formula
11 student. The averaging adjustment threshold shall equal the aggregate
12 basic funding for all districts with nine hundred or more formula
13 students divided by the aggregate formula students for all districts with
14 nine hundred or more formula students for the school fiscal year for
15 which aid is being calculated.

16 Sec. 5. Section 79-1008.01, Reissue Revised Statutes of Nebraska, is
17 amended to read:

18 79-1008.01 ~~Except For all school fiscal years except school fiscal~~
19 ~~year 2010-11,~~ except as provided in section sections 79-1008.02 for
20 school fiscal years prior to school fiscal year 2017-18 and section
21 79-1009, each local system shall receive equalization aid in the amount
22 that the total formula need of each local system, as determined pursuant
23 to sections 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds its total
24 formula resources as determined pursuant to sections 79-1015.01 to
25 79-1018.01.

26 ~~For school fiscal year 2010-11, except as provided in sections~~
27 ~~79-1008.02 and 79-1009, each local system shall receive equalization aid~~
28 ~~in the amount by which one hundred two and twenty-three hundredths~~
29 ~~percent of the total formula need of each local system, as determined~~
30 ~~pursuant to sections 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds its~~
31 ~~total formula resources as determined pursuant to sections 79-1015.01 to~~

1 ~~79-1018.01.~~

2 Sec. 6. Section 79-1008.02, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 79-1008.02 For school fiscal years prior to school fiscal year
5 2017-18, a A minimum levy adjustment shall be calculated and applied to
6 any local system that has a general fund common levy for the fiscal year
7 during which aid is certified that is less than the maximum levy, for
8 such fiscal year for such local system, allowed pursuant to subdivision
9 (2)(a) or (b) of section 77-3442 without a vote pursuant to section
10 77-3444 less five cents for learning communities and less ten cents for
11 all other local systems. To calculate the minimum levy adjustment, the
12 department shall subtract the local system general fund common levy for
13 such fiscal year for such local system from the maximum levy allowed
14 pursuant to subdivision (2)(a) or (b) of section 77-3442 without a vote
15 pursuant to section 77-3444 less five cents for learning communities and
16 less ten cents for all other local systems and multiply the result by the
17 local system's adjusted valuation divided by one hundred. The minimum
18 levy adjustment shall be added to the formula resources of the local
19 system for the determination of equalization aid pursuant to section
20 79-1008.01. If the minimum levy adjustment is greater than or equal to
21 the allocated income tax funds calculated pursuant to section 79-1005.01,
22 the local system shall not receive allocated income tax funds. If the
23 minimum levy adjustment is less than the allocated income tax funds
24 calculated pursuant to section 79-1005.01, the local system shall receive
25 allocated income tax funds in the amount of the difference between the
26 allocated income tax funds calculated pursuant to section 79-1005.01 and
27 the minimum levy adjustment. This section does not apply to the
28 calculation of aid for a local system containing a learning community for
29 the first school fiscal year for which aid is calculated for such local
30 system.

31 Sec. 7. Section 79-1017.01, Revised Statutes Supplement, 2015, is

1 amended to read:

2 79-1017.01 (1) For state aid calculated for school fiscal years
3 2014-15 and 2015-16, local system formula resources includes teacher
4 education aid determined for each district pursuant to section
5 79-1007.25, instructional time aid determined pursuant to subsection (2)
6 of section 79-1007.23, allocated income tax funds determined for each
7 district pursuant to section 79-1005.01, and adjustments pursuant to
8 section 79-1008.02 and is reduced by amounts paid by the district in the
9 most recently available complete data year as property tax refunds
10 pursuant to or in the manner prescribed by section 77-1736.06.

11 (2) For state aid calculated for school fiscal year 2016-17 and each
12 school fiscal year thereafter, local system formula resources includes
13 best practices aid pursuant to section 79-1004, if any districts in the
14 local system qualify, allocated income tax funds determined for each
15 district pursuant to section 79-1005.01, and adjustments pursuant to
16 section 79-1008.02 for school fiscal years prior to school fiscal year
17 2017-18, and is reduced by amounts paid by the district in the most
18 recently available complete data year as property tax refunds pursuant to
19 or in the manner prescribed by section 77-1736.06.

20 Sec. 8. Section 79-1075, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 79-1075 (1) The county board of the county in which is located the
23 schoolhouse or the administrative office of any joint school district or
24 learning community shall make a levy for the school district or learning
25 community, as may be necessary, and the county clerk of that headquarters
26 county shall certify the levy, on or before the date prescribed in
27 section 77-1601, to the county clerk of each county in which is situated
28 any portion of the joint school district or learning community. This
29 section shall apply to all taxes levied on behalf of school districts,
30 including, but not limited to, taxes authorized by sections 10-304,
31 10-711, 10-716.01, 77-1601, 79-747, 79-1077, 79-1084, 79-1085, 79-1086,

1 79-10,100, 79-10,110, 79-10,118, 79-10,120, 79-10,122, and 79-10,126 and
2 section 11 of this act.

3 (2) The county board of the county in which is located the
4 schoolhouse or the administrative office of the high school district of a
5 joint affiliated school system shall make a levy for the joint affiliated
6 school system, as may be necessary, and the county clerk of that
7 headquarters county shall certify the levy, on or before the date
8 prescribed in section 77-1601, to the county clerk of each county in
9 which is situated any portion of the joint affiliated school system. This
10 section shall apply to all taxes levied on behalf of affiliated school
11 systems, including, but not limited to, taxes authorized by sections
12 10-716.01, 79-1077, and 79-10,110 and section 11 of this act.

13 Sec. 9. Section 79-10,110, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 79-10,110 (1) Prior to the effective date of this act, after After
16 making a determination that an actual or potential environmental hazard
17 or accessibility barrier exists, that a life safety code violation
18 exists, or that expenditures are needed for indoor air quality or mold
19 abatement and prevention within the school buildings or grounds under its
20 control, a school board may make and deliver to the county clerk of such
21 county in which any part of the school district is situated, not later
22 than the date provided in section 13-508, an itemized estimate of the
23 amounts necessary to be expended for the abatement of such environmental
24 hazard, for accessibility barrier elimination, or for modifications for
25 life safety code violations, indoor air quality, or mold abatement and
26 prevention in such school buildings or grounds. The board shall designate
27 the particular environmental hazard abatement project, accessibility
28 barrier elimination project, or modification for life safety code
29 violations, indoor air quality, or mold abatement and prevention for
30 which the tax levy provided for by this section will be expended, the
31 period of years, which shall not exceed ten years, for which the tax will

1 be levied for such project, and the estimated amount of the levy for each
2 year of the period based on the taxable valuation of the district at the
3 time of issuance.

4 (2) Prior to the effective date of this act, after ~~After~~ a public
5 hearing, a school board may undertake any qualified capital purpose in
6 any qualified zone academy under its control and may levy a tax as
7 provided in this section to repay a qualified zone academy bond issued
8 for such undertaking. The board shall designate: (a) The particular
9 qualified capital purpose for which the qualified zone academy bond was
10 issued and for which the tax levy provided for by this section will be
11 expended; (b) the period of years for which the tax will be levied to
12 repay such qualified zone academy bond, not exceeding the maturity term
13 for such qualified zone academy bond established pursuant to federal law
14 or, for any such bond issued prior to May 20, 2009, fifteen years; and
15 (c) the estimated amount of the levy for each year of the period based on
16 the taxable valuation of the district at the time of issuance. The
17 hearing required by this subsection shall be held only after notice of
18 such hearing has been published for three consecutive weeks prior to the
19 hearing in a legal newspaper published or of general circulation in the
20 school district.

21 (3) Prior to the effective date of this act, after ~~After~~ a public
22 hearing, a school board may undertake any American Recovery and
23 Reinvestment Act of 2009 purpose and may levy a tax to repay any American
24 Recovery and Reinvestment Act of 2009 bond issued for such undertaking.
25 The board shall designate: (a) The American Recovery and Reinvestment Act
26 of 2009 purpose for which the American Recovery and Reinvestment Act of
27 2009 bond will be issued and for which the tax levy provided by this
28 section will be expended; (b) the period of years for which the tax will
29 be levied to repay such American Recovery and Reinvestment Act of 2009
30 bond, not exceeding the maturity term for the type of American Recovery
31 and Reinvestment Act of 2009 bond established pursuant to federal law or,

1 if no such term is established, thirty years; and (c) the estimated
2 amount of the levy for each year of such period based on the taxable
3 valuation of the district at the time of issuance. Prior to the public
4 hearing, the school board shall prepare an itemized estimate of the
5 amounts necessary to be expended for the American Recovery and
6 Reinvestment Act of 2009 purpose. The hearing required by this subsection
7 shall be held only after notice of such hearing has been published for
8 three consecutive weeks prior to the hearing in a legal newspaper
9 published or of general circulation in the school district.

10 (4) Prior to the effective date of this act, the ~~The~~ board may
11 designate more than one project under subsection (1) of this section,
12 more than one qualified capital purpose under subsection (2) of this
13 section, or more than one American Recovery and Reinvestment Act of 2009
14 purpose under subsection (3) of this section and levy a tax pursuant to
15 this section for each such project, qualified capital purpose, or
16 American Recovery and Reinvestment Act of 2009 purpose, concurrently or
17 consecutively, as the case may be, if the aggregate levy in each year and
18 the duration of each such levy will not exceed the limitations specified
19 in this section. Each levy for a project, a qualified capital purpose, or
20 an American Recovery and Reinvestment Act of 2009 purpose which is
21 authorized by this section may be imposed for such duration as the board
22 specifies, notwithstanding the contemporaneous existence or subsequent
23 imposition of any other levy for another project, qualified capital
24 purpose, or American Recovery and Reinvestment Act of 2009 purpose
25 imposed pursuant to this section and notwithstanding the subsequent
26 issuance by the district of bonded indebtedness payable from its general
27 fund levy.

28 (5) The county clerk shall levy such taxes, not to exceed five and
29 one-fifth cents per one hundred dollars of taxable valuation for Class
30 II, III, IV, V, and VI districts, and not to exceed the limits set for
31 Class I districts in section 79-10,124, on the taxable property of the

1 district necessary to (a) cover the environmental hazard abatement or
2 accessibility barrier elimination project costs or costs for modification
3 for life safety code violations, indoor air quality, or mold abatement
4 and prevention itemized by the board pursuant to subsection (1) of this
5 section and (b) repay any qualified zone academy bonds or American
6 Recovery and Reinvestment Act of 2009 bonds pursuant to subsection (2) or
7 (3) of this section. Such taxes shall be collected by the county
8 treasurer at the same time and in the same manner as county taxes are
9 collected and when collected shall be paid to the treasurer of the
10 district and used to cover the project costs.

11 (6) If such board operates grades nine through twelve as part of an
12 affiliated school system, it shall designate the fraction of the project
13 or undertaking to be conducted for the benefit of grades nine through
14 twelve. Such fraction shall be raised by a levy placed upon all of the
15 taxable value of all taxable property in the affiliated school system
16 pursuant to subsection (2) of section 79-1075. The balance of the project
17 or undertaking to be conducted for the benefit of grades kindergarten
18 through eight shall be raised by a levy placed upon all of the taxable
19 value of all taxable property in the district which is governed by such
20 board. The combined rate for both levies in the high school district, to
21 be determined by such board, shall not exceed five and one-fifth cents on
22 each one hundred dollars of taxable value.

23 (7) Each board which submits an itemized estimate shall establish an
24 environmental hazard abatement and accessibility barrier elimination
25 project account, a life safety code modification project account, an
26 indoor air quality project account, or a mold abatement and prevention
27 project account, each board which undertakes a qualified capital purpose
28 shall establish a qualified capital purpose undertaking account, within
29 the qualified capital purpose undertaking fund, and each board which
30 undertakes an American Recovery and Reinvestment Act of 2009 purpose
31 shall establish an American Recovery and Reinvestment Act of 2009 purpose

1 undertaking account. Taxes collected pursuant to this section shall be
2 credited to the appropriate account to cover the project or undertaking
3 costs. Such estimates may be presented to the county clerk and taxes
4 levied accordingly.

5 (8) For purposes of this section:

6 (a) Abatement includes, but is not limited to, any inspection and
7 testing regarding environmental hazards, any maintenance to reduce,
8 lessen, put an end to, diminish, moderate, decrease, control, dispose of,
9 or eliminate environmental hazards, any removal or encapsulation of
10 environmentally hazardous material or property, any related restoration
11 or replacement of material or property, any related architectural and
12 engineering services, and any other action to reduce or eliminate
13 environmental hazards in the school buildings or on the school grounds
14 under the board's control, except that abatement does not include the
15 encapsulation of any material containing more than one percent friable
16 asbestos;

17 (b) Accessibility barrier means anything which impedes entry into,
18 exit from, or use of any building or facility by all people;

19 (c) Accessibility barrier elimination includes, but is not limited
20 to, inspection for and removal of accessibility barriers, maintenance to
21 reduce, lessen, put an end to, diminish, control, dispose of, or
22 eliminate accessibility barriers, related restoration or replacement of
23 facilities or property, any related architectural and engineering
24 services, and any other action to eliminate accessibility barriers in the
25 school buildings or grounds under the board's control;

26 (d) American Recovery and Reinvestment Act of 2009 bond means any
27 type or form of bond permitted by the federal American Recovery and
28 Reinvestment Act of 2009, as such act or bond may be amended and
29 supplemented, including the federal Hiring Incentives to Restore
30 Employment Act, as amended and supplemented, for use by schools, except
31 qualified zone academy bonds;

1 (e) American Recovery and Reinvestment Act of 2009 purpose means any
2 construction of a new public school facility or the acquisition of land
3 on which such a facility is to be constructed or any expansion,
4 rehabilitation, modernization, renovation, or repair of any existing
5 school facilities financed in whole or in part with an American Recovery
6 and Reinvestment Act of 2009 bond;

7 (f) Environmental hazard means any contamination of the air, water,
8 or land surface or subsurface caused by any substance adversely affecting
9 human health or safety if such substance has been declared hazardous by a
10 federal or state statute, rule, or regulation;

11 (g) Modification for indoor air quality includes, but is not limited
12 to, any inspection and testing regarding indoor air quality, any
13 maintenance to reduce, lessen, put an end to, diminish, moderate,
14 decrease, control, dispose of, or eliminate indoor air quality problems,
15 any related restoration or replacement of material or related
16 architectural and engineering services, and any other action to reduce or
17 eliminate indoor air quality problems or to enhance air quality
18 conditions in new or existing school buildings or on school grounds under
19 the control of a school board;

20 (h) Modification for life safety code violation includes, but is not
21 limited to, any inspection and testing regarding life safety codes, any
22 maintenance to reduce, lessen, put an end to, diminish, moderate,
23 decrease, control, dispose of, or eliminate life safety hazards, any
24 related restoration or replacement of material or property, any related
25 architectural and engineering services, and any other action to reduce or
26 eliminate life safety hazards in new or existing school buildings or on
27 school grounds under the control of a school board;

28 (i) Modification for mold abatement and prevention includes, but is
29 not limited to, any inspection and testing regarding mold abatement and
30 prevention, any maintenance to reduce, lessen, put an end to, diminish,
31 moderate, decrease, control, dispose of, or eliminate mold problems, any

1 related restoration or replacement of material or related architectural
2 and engineering services, and any other action to reduce or eliminate
3 mold problems or to enhance air quality conditions in new or existing
4 school buildings or on school grounds under the control of a school
5 board;

6 (j) Qualified capital purpose means (i) rehabilitating or repairing
7 the public school facility in which the qualified zone academy is
8 established or (ii) providing equipment for use at such qualified zone
9 academy;

10 (k) Qualified zone academy has the meaning found in (i) 26 U.S.C.
11 1397E(d)(4), as such section existed on October 3, 2008, for qualified
12 zone academy bonds issued on or before such date, and (ii) 26 U.S.C.
13 54E(d)(1), as such section existed on October 4, 2008, for qualified zone
14 academy bonds issued on or after such date;

15 (l) Qualified zone academy allocation means the allocation of the
16 qualified zone academy bond limitation by the State Department of
17 Education to the qualified zone academies pursuant to (i) 26 U.S.C.
18 1397E(e)(2), as such section existed on October 3, 2008, for allocations
19 relating to qualified zone academy bonds issued on or before such date,
20 and (ii) 26 U.S.C. 54E(c)(2), as such section existed on October 4, 2008,
21 for allocations relating to qualified zone academy bonds issued on or
22 after such date; and

23 (m) Qualified zone academy bond has the meaning found in (i) 26
24 U.S.C. 1397E(d)(1), as such section existed on October 3, 2008, for such
25 bonds issued on or before such date, and (ii) 26 U.S.C. 54E(a), as such
26 section existed on and after October 4, 2008, for such bonds issued on or
27 after such date, as such section or bonds may be amended or supplemented.

28 (9) Accessibility barrier elimination project costs includes, but is
29 not limited to, inspection, maintenance, accounting, emergency services,
30 consultation, or any other action to reduce or eliminate accessibility
31 barriers.

1 (10)(a) For the purpose of paying amounts necessary for the
2 abatement of environmental hazards, for accessibility barrier
3 elimination, for modifications for life safety code violations, indoor
4 air quality, or mold abatement and prevention, for a qualified capital
5 purpose, or for an American Recovery and Reinvestment Act of 2009
6 purpose, the board may borrow money, establish a sinking fund, and issue
7 bonds and other evidences of indebtedness of the district, which bonds
8 and other evidences of indebtedness shall be secured by and payable from
9 an irrevocable pledge by the district of amounts received in respect of
10 the tax levy provided for by this section and any other funds of the
11 district available therefor. Bonds issued for a qualified capital purpose
12 or an American Recovery and Reinvestment Act of 2009 purpose shall be
13 limited to the type or types of bonds authorized for each purpose in
14 subsections (2) and (3) of this section, respectively. Bonds and other
15 evidences of indebtedness issued by a district pursuant to this
16 subsection shall not constitute a general obligation of the district or
17 be payable from any portion of its general fund levy.

18 (b) A district may exceed the maximum levy of five and one-fifth
19 cents per one hundred dollars of taxable valuation authorized by
20 subsections (5) and (6) of this section in any year in which (i) the
21 taxable valuation of the district is lower than the taxable valuation in
22 the year in which the district last issued bonds pursuant to this section
23 and (ii) such maximum levy is insufficient to meet the combined annual
24 principal and interest obligations for all bonds issued pursuant to this
25 section. The amount generated from a district's levy in excess of the
26 maximum levy upon the taxable valuation of the district shall not exceed
27 the combined annual principal and interest obligations for such bonds
28 minus the amount generated by levying the maximum levy upon the taxable
29 valuation of the district and minus any federal payments or subsidies
30 associated with such bonds.

31 (11) The total principal amount of bonds for modifications to

1 correct life safety code violations, for indoor air quality problems, for
2 mold abatement and prevention, or for an American Recovery and
3 Reinvestment Act of 2009 purpose which may be issued pursuant to this
4 section shall not exceed the total amount specified in the itemized
5 estimate described in subsections (1) and (3) of this section.

6 (12) The total principal amount of qualified zone academy bonds
7 which may be issued pursuant to this section for qualified capital
8 purposes with respect to a qualified zone academy shall not exceed the
9 qualified zone academy allocation granted to the board by the department.
10 The total amount that may be financed by qualified zone academy bonds
11 pursuant to this section for qualified purposes with respect to a
12 qualified zone academy shall not exceed seven and one-half million
13 dollars statewide in a single year. In any year that the Nebraska
14 qualified zone academy allocations exceed seven and one-half million
15 dollars for qualified capital purposes to be financed with qualified zone
16 academy bonds issued pursuant to this section, (a) the department shall
17 reduce such allocations proportionally such that the statewide total for
18 such allocations equals seven and one-half million dollars and (b) the
19 difference between the Nebraska allocation and seven and one-half million
20 dollars shall be available to qualified zone academies for requests that
21 will be financed with qualified zone academy bonds issued without the
22 benefit of this section.

23 Nothing in this section directs the State Department of Education to
24 give any preference to allocation requests that will be financed with
25 qualified zone academy bonds issued pursuant to this section.

26 (13) The State Department of Education shall establish procedures
27 for allocating bond authority to school boards as may be necessary
28 pursuant to an American Recovery and Reinvestment Act of 2009 bond.

29 Sec. 10. Section 79-10,110.01, Reissue Revised Statutes of Nebraska,
30 is amended to read:

31 79-10,110.01 (1) If a school board has issued or shall issue bonds

1 pursuant to section 79-10,110 or section 11 of this act and such bonds or
2 any part of such bonds are unpaid, are a legal liability against the
3 school district governed by such school board, and are bearing interest,
4 the school board may issue refunding bonds with which to call and redeem
5 all or any part of such outstanding bonds at or before the date of
6 maturity or the redemption date of such bonds. Such school board may
7 include various series and issues of the outstanding bonds in a single
8 issue of refunding bonds and may issue refunding bonds to pay any
9 redemption premium and interest to accrue and become payable on the
10 outstanding bonds being refunded. The refunding bonds may be issued and
11 delivered at any time prior to the date of maturity or the redemption
12 date of the bonds to be refunded that the school board determines to be
13 in the best interests of the school district. The proceeds derived from
14 the sale of the refunding bonds issued pursuant to this section may be
15 invested in obligations of or guaranteed by the United States Government
16 pending the time the proceeds are required for the purposes for which
17 such refunding bonds were issued. To further secure the refunding bonds,
18 the school board may enter into a contract with any bank or trust company
19 within or without the state with respect to the safekeeping and
20 application of the proceeds of the refunding bonds and the safekeeping
21 and application of the earnings on the investment. All bonds issued under
22 this section shall be redeemable at such times and under such conditions
23 as the school board shall determine at the time of issuance.

24 (2) Any outstanding bonds or other evidences of indebtedness issued
25 by a school board for which sufficient funds or obligations of or
26 guaranteed by the United States Government have been pledged and set
27 aside in safekeeping to be applied for the complete payment of such bonds
28 or other evidences of indebtedness at maturity or upon redemption prior
29 to maturity, interest thereon, and redemption premium, if any, shall not
30 be considered as outstanding and unpaid.

31 (3) Each refunding bond issued under this section shall state on the

1 bond (a) the object of its issue, (b) this section or the sections of the
2 law under which such issue was made, including a statement that the issue
3 is made in pursuance of such section or sections, and (c) the date and
4 principal amount of the bond or bonds for which the refunding bonds are
5 being issued.

6 (4) The refunding bonds shall be paid, and the levy made and the tax
7 collected for their payment in the same manner and under the same
8 authorization for levy of taxes as applied for the bonds being refunded,
9 in accordance with section 79-10,110 or section 11 of this act.

10 Sec. 11. (1) On and after the effective date of this act, the
11 school board of any Class II, III, IV, or V school district may make a
12 determination that an additional property tax levy is necessary for a
13 specific abatement project to address an actual or potential
14 environmental hazard, accessibility barrier, life safety code violation,
15 life safety hazard, or mold which exists within one or more existing
16 school buildings or the school grounds of existing school buildings
17 controlled by the school district. Such determination shall not include
18 abatement projects related to the acquisition of new property, the
19 construction of a new building, the expansion of an existing building, or
20 the remodeling of an existing building for purposes other than the
21 abatement of environmental hazards, accessibility barriers, life safety
22 code violations, life safety hazards, or mold. Upon such determination,
23 the school board may, not later than the date provided in section 13-508,
24 make and deliver to the county clerk of such county in which any part of
25 the school district is situated an itemized estimate of the amounts
26 necessary to be expended for such abatement project, any insurance
27 proceeds or other anticipated funds that will be received by the school
28 district related to the abatement project, the period of years for which
29 the property tax will be levied for such project, and the estimated
30 amount of the levy for each year of the period based on the taxable
31 valuation of the district at the time of issuance. The period of years

1 for such levy shall not exceed ten years and the levy for such project
2 when combined with all other levies pursuant to this section and section
3 79-10,110 shall not exceed three cents per one hundred dollars of taxable
4 valuation. Nothing in this section shall affect levies pursuant to
5 section 79-10,110.

6 (2) The county clerk shall levy such taxes and such taxes shall be
7 collected by the county treasurer at the same time and in the same manner
8 as county taxes are collected and when collected shall be paid to the
9 treasurer of the district. A separate abatement project account shall be
10 established for each project by the school district. Taxes collected
11 pursuant to this section shall be credited to the appropriate account to
12 cover the project costs.

13 (3) For purposes of this section:

14 (a) Abatement includes, but is not limited to, any related
15 inspection and testing, any maintenance to reduce, lessen, put an end to,
16 diminish, moderate, decrease, control, dispose of, eliminate, or remove
17 the issue causing the need for abatement, any related restoration or
18 replacement of material or property, any related architectural and
19 engineering services, and any other action to reduce or eliminate the
20 issue causing the need for abatement in existing school buildings or on
21 the school grounds of existing school buildings under the board's
22 control;

23 (b) Accessibility barrier means anything which impedes entry into,
24 exit from, or use of any building or facility by all people; and

25 (c) Environmental hazard means any contamination of the air, water,
26 or land surface or subsurface caused by any substance adversely affecting
27 human health or safety if such substance has been declared hazardous by a
28 federal or state statute, rule, or regulation.

29 (4) For the purpose of paying amounts necessary for the abatement
30 project, the board may borrow money, establish a sinking fund, and issue
31 bonds and other evidences of indebtedness of the district, which bonds

1 and other evidences of indebtedness shall be secured by and payable from
2 an irrevocable pledge by the district of amounts received in respect of
3 the tax levy provided for by this section and any other funds of the
4 district available therefor. Bonds and other evidences of indebtedness
5 issued by a district pursuant to this subsection shall not constitute a
6 general obligation of the district or be payable from any portion of its
7 general fund levy. The total principal amount of bonds for abatement
8 projects pursuant to this section shall not exceed the total amount
9 specified in the itemized estimate described in subsection (1) of this
10 section.

11 (5) A district may exceed the maximum levy of three cents per one
12 hundred dollars of taxable valuation authorized by this section in any
13 year in which (a) the taxable valuation of the district is lower than the
14 taxable valuation in the year in which the district last issued bonds
15 pursuant to this section and (b) such maximum levy is insufficient to
16 meet the combined annual principal and interest obligations for all bonds
17 issued pursuant to this section and section 79-10,110. The amount
18 generated from a district's levy in excess of three cents per one hundred
19 dollars of taxable valuation shall not exceed the combined annual
20 principal and interest obligations for such bonds minus the amount
21 generated by levying three cents per one hundred dollars of taxable
22 valuation.

23 Sec. 12. Original sections 79-1005.01, 79-1007.18, 79-1008.01,
24 79-1008.02, 79-1075, 79-10,110, and 79-10,110.01, Reissue Revised
25 Statutes of Nebraska, and sections 77-3442, 79-1003, and 79-1017.01,
26 Revised Statutes Supplement, 2015, are repealed.

27 Sec. 13. Since an emergency exists, this act takes effect when
28 passed and approved according to law.